

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

January 19, 2001 LB 54

were going to be able to take these goods for your lending to that person, you won't because I'm going to get them. In fact, this notice to the world is called "perfection". At the same time, there grew up, not the voluntary lending practices, the security agreement, but places in which people had incurred debts for which the state provided the relief in the form of a statutory lien. For example, if you...well, it occurs in many places, but if you take your car in to be repaired and they repair the car, and you've come to pick up the car and won't pay for it, they don't have to turn the car over to you. They have a lien against the car for the services they put into the car. Now you don't have a security agreement for that, the debtor hasn't signed a security agreement, but the person who has given the services has extended value and the statutory lien steps in and says the law says there is this same relationship in which the personal property is subject to the claims of the essentially lender or the provider of the service. And there are a number of these statutory liens in the agricultural areas. There is one for threshers. There is one for veterinarians. There is one for petroleum products, fertilizer, ag chemicals, seeds, electrical power, ag production input liens, agister's liens and feed and feed ingredient liens; all of which means, look, if you buy feed for your cattle and you feed your cattle but you don't pay for the feed, how does the feed grain merchant get their money back. the answer is, the law has created a special lien for them against the cattle that got fed with the grain. They go down to the court house, or historically have, and told the world, look, so-and-so's cattle are now subject to my lien. I want you to know, if you think you're going to get those cattle for your debts, you won't because I'm first in line. Unfortunately these two systems lay side-by-side and not integrated, so when it came time to check on whether or not somebody's goods were available to be claimed against, you had to check essentially two different places. And worse than that, these were county filings so you had to check these two different statuses in multiple counties, particularly for multicounty operations. Well, that made a nightmare. It worked in the nineteenth century; it probably worked in the early twentieth century when operations were local, people stayed in one place, you did business in town, all the merchants knew each other. They knew who the people were that were running a farm